

In the Matter of)	No. G 98 - 41
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
WASHINGTON CASUALTY COMPANY,)	AND ORDER ADOPTING REPORT
)	
A Domestic Insurer. _____		

BACKGROUND

An examination of the financial condition of **WASHINGTON CASUALTY COMPANY** (the Company) as of December 31, 1996, was conducted by examiners of the Washington state Office of the Insurance Commissioner (OIC). The company holds a Washington certificate of authority as a stock insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions and comments and recommendations was transmitted to the Company for its comments on August 21, 1998.

The Commissioner or a designee has considered the report, the relevant portions of the examiner's work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 17 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **WASHINGTON CASUALTY COMPANY**.

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Comments and Recommendations contained in the examination report on page 4:

1. It is recommended that the Company amend its by-laws to specifically state the current principal place of business, as noted in Comment and Recommendation 1 of the examination report.
2. It is recommended that the Company update its securities custodial agreement to include the NAIC recommended provision for indemnifying the Company for loss of securities, as noted in Comment and Recommendation 2 of the examination report.
3. It is recommended that the Company revise and enhance its Disaster Recovery Plan to include appropriate escalation procedures to resolve operational failures in a timely manner, as recommended by NAIC guidelines, as noted in Comment and Recommendation 3 of the examination report.
4. It is recommended that the Company prepare a business Contingency Plan that addresses the continuation of all significant business activities, including financial functions, telecommunications services, and data processing services, in the event of a disruption of normal business activities, as recommended in NAIC guidelines, as noted in Comment and Recommendation 4 of the examination report.

ENTERED at Lacey, Washington, this 25th day of September, 1998.

DEBORAH SENN
Insurance Commissioner

By:

JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division